

SENATE BILL No. 501

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-11.

Synopsis: Industrial recovery tax credit. Allows a city council to designate as an industrial recovery site certain industrial facilities that are not vacant but that are otherwise disadvantaged, so that investments to improve such industrial facilities are eligible for the industrial recovery tax credit.

Effective: July 1, 2005.

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January 18, 2005, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

SENATE BILL No. 501

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-11-1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this
3 chapter, "applicable percentage" means the percentage determined as
4 follows:

5 (1) If a plant **or facility** that is located on an industrial recovery
6 site was placed in service at least twenty (20) years ago but less
7 than thirty (30) years ago, the applicable percentage is fifteen
8 percent (15%).

9 (2) If a plant **or facility** that is located on an industrial recovery
10 site was placed in service at least thirty (30) years ago but less
11 than forty (40) years ago, the applicable percentage is twenty
12 percent (20%).

13 (3) If a plant **or facility** that is located on an industrial recovery
14 site was placed in service at least forty (40) years ago, the
15 applicable percentage is twenty-five percent (25%).

16 The time that has expired since a plant **or facility** was placed in service
17 ~~shall be~~ is determined as of the date that an application is filed with the

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board for designation of the location as an industrial recovery site under this chapter.

SECTION 2. IC 6-3.1-11-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 2.5. As used in this chapter, "disadvantaged industrial facility" means a tract of land on which there is located a facility that:**

(1) has at least one million five hundred thousand (1,500,000) square feet of floor space;

(2) was placed in service before 1945; and

(3) employs at least one thousand five hundred (1,500) people.

SECTION 3. IC 6-3.1-11-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 3.5. As used in this chapter, "facility" means a building or complex of buildings used, or designed and constructed for use in research and development, production, manufacturing, fabrication, assembly, processing, refining, finishing, or warehousing of tangible personal property, whether the tangible personal property is or was for sale to third parties or for use by the owner in the owner's business. The term includes office space located in a building used for the purposes described in this section.**

SECTION 4. IC 6-3.1-11-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 8. As used in this chapter, "placed in service" means that property is placed in a condition or state of readiness and availability for a specifically assigned function. In the case of a plant or facility comprised of a complex of buildings, the entire plant or facility shall be is considered to have been placed in service as of the date that a building was placed in service if the building has floor space that, when aggregated with the floor space of all buildings in the complex placed in service on earlier dates, exceeds fifty percent (50%) of the total floor space of all buildings in the complex.**

SECTION 5. IC 6-3.1-11-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 10. As used in this chapter, "qualified investment" means the amount of the taxpayer's expenditures for rehabilitation of property located within an industrial recovery site under a plan contained in an application approved by the board under section 18 or 18.5 of this chapter. An expenditure for purposes or by persons not covered by such a plan may not be a qualified investment.**

SECTION 6. IC 6-3.1-11-11 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 11. ~~As used in this chapter,~~ **(a) Except as provided in subsection (b), "rehabilitation"** means the remodeling, repair, or betterment of real property in any manner or any enlargement or extension of real property.

(b) As used in section 18.5 of this chapter, "rehabilitation" means:

(1) the remodeling, repair, or betterment of real property in any manner or any enlargement or extension of real property; and

(2) the installation, repair, or retrofitting of personal property.

SECTION 7. IC 6-3.1-11-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. **(a) This section applies only to the designation of a vacant industrial facility as an industrial recovery site.**

~~(a)~~ **(b)** After approval by ordinance or resolution of the legislative body, the executive of any municipality may submit an application to the board requesting that a vacant industrial facility within the municipality be designated as an industrial recovery site. After approval by resolution of the legislative body, the executive of any county may submit an application to the board requesting that a vacant industrial facility within the county, but not within any municipality, be designated as an industrial recovery site. In addition to any other information required by the board, the application shall include a description of the plan proposed by the municipality or county for development and use of the vacant industrial facility.

~~(b)~~ **(c)** If the property described in the application submitted to the board meets the definition of a vacant industrial facility as of the date of filing of the application, the board shall:

(1) evaluate the application;

(2) arrive at a decision based on the factors set forth in section 19 of this chapter; and

(3) either designate the property as an industrial recovery site or reject the application.

~~(c)~~ **(d)** If the board determines that:

(1) a substantial reduction or cessation of operations at a facility in Indiana after January 1, 1987, has created a vacant industrial facility; and

(2) the operations formerly located at that facility have been relocated to a specific site or sites outside the United States;

the facility may be designated as an industrial recovery site only if it has been donated or sold to the municipality. Such a facility may be

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1 designated as an industrial recovery site whether it is owned by the
 2 municipality or by a taxpayer who acquired it from the municipality
 3 after the donation or sale.

4 SECTION 8. IC 6-3.1-11-18.5 IS ADDED TO THE INDIANA
 5 CODE AS A NEW SECTION TO READ AS FOLLOWS
 6 [EFFECTIVE JULY 1, 2005]: **Sec. 18.5. (a) This section applies only**
 7 **to the designation of a disadvantaged industrial facility as an**
 8 **industrial recovery site.**

9 (b) After approval by ordinance or resolution of the legislative
 10 body, the executive of the municipality may submit an application
 11 to the board requesting that a disadvantaged industrial facility
 12 within the municipality be designated as an industrial recovery
 13 site. In addition to any other information required by the board,
 14 the application must include a description of the plan proposed by
 15 the owner of the disadvantaged industrial facility for the
 16 rehabilitation of the disadvantaged industrial facility.

17 (c) If the property described in the application submitted to the
 18 board meets the definition of a disadvantaged industrial facility as
 19 of the date of filing of the application, the board shall:

- 20 (1) evaluate the application;
- 21 (2) arrive at a decision based on the factors set forth in section
- 22 19.5 of this chapter; and
- 23 (3) either designate the property as an industrial recovery site
- 24 or reject the application.

25 SECTION 9. IC 6-3.1-11-19.5 IS ADDED TO THE INDIANA
 26 CODE AS A NEW SECTION TO READ AS FOLLOWS
 27 [EFFECTIVE JULY 1, 2005]: **Sec. 19.5. The board shall consider the**
 28 **following factors in evaluating applications filed under section 18.5**
 29 **of this chapter:**

- 30 (1) The level of distress in the surrounding community caused
- 31 by the threat of the loss of jobs at the disadvantaged industrial
- 32 facility.
- 33 (2) Evidence of support for the designation by residents,
- 34 businesses, and private organizations in the surrounding
- 35 community.
- 36 (3) Evidence of efforts by the municipality or county to
- 37 implement the proposed plan without additional financial
- 38 assistance from the state.
- 39 (4) Whether the industrial recovery site is within an economic
- 40 revitalization area designated under IC 6-1.1-12.1.

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